



Town of Arlington, Massachusetts Public Annual Financial Report

Fiscal Year Ending June 30, 2020

As part of Arlington's commitment to keeping you informed of how your tax dollars are being spent, the Town is providing you with this Public Annual Financial Report (PAFR). We hope it will provide you with financial information that you find useful and easy to access.

All data and financial information found in this report are drawn from the most up-to-date information available from the Town's Annual Report, the Town Manager's Financial Plan, the Finance Committee's report to Town Meeting, and the State's Division of Local Services (mass.gov/dor).

The PAFR provides information such as relevant summarized financial schedules and tables so residents can more easily understand the Town's financial conditions and trends. It does not present the same level of detail as any of the reports listed above. It contains reports and statements that do not present the entire financial reporting entity and may not conform to GAAP and governmental reporting standards.

Complete Town budgets can be found at arlingtonma.gov/budget.

THE TOWN OF ARLINGTON

The Town of Arlington was originally settled in 1635 as the Village of Menotomy. It was incorporated as West Cambridge in 1807, and finally named Arlington in 1867. Arlington is home to approximately 43,000 residents and is contained within 5.5 square miles.

The Town is currently governed by the "Town Manager Act of the Town of Arlington, Massachusetts," by which a popularly elected, five member Select Board appoints a professional manager to administer the daily operations of the Town.

The Town's legislative body is a representative Town Meeting, which consists of 252 elected members elected from their home precincts.

The Town Manager is the chief executive officer of the Town, managing the day-to-day business of Town departments. These departments include: Public Works, Police, Fire, Libraries, Legal, Planning, Human Resources, Treasurer/Collector, Comptroller, Assessing, Information Technology, Inspectional Services, Health and Human Services, Recreation, Facilities, and the Ed Burns Arena.

Under independent authority are the Select Board, Board of Assessors, and the Town Clerk. The School Committee handles school administration and appoints the Superintendent. All departments consist of approximately 800 full-time employees.

IN THIS REPORT

The information in this report is a snapshot of the Town's basic financial condition. It is a summary of where Arlington is now and how it compares to other, similar communities.

On **Page 2** you will find a breakdown of Arlington's revenues and expenditures. As you will see, Arlington's primary source of revenue is the Property Tax, followed by State Aid. Also on Page 2 is a budget summary and projection for FY2021 that provides more detail on the year-to-year growth of the Town budget.

Page 3 compares Arlington's Average Single Family Tax Bill, Average New Growth, and Total Per Capita Spending with other comparable communities, as well as the state average. These communities provide a reference point from which to understand Arlington's financial situation.

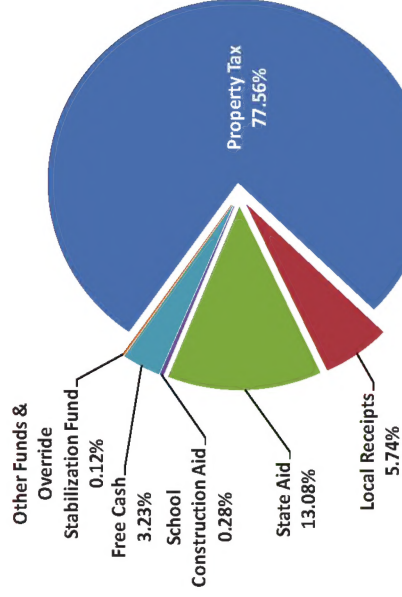
Page 4 outlines Arlington's COVID-19 experience: COVID cases, tracing, and vaccination, the impact on the Town's finances, and Federal reimbursement to combat that impact. This page also describes the positive results of the latest borrowing.



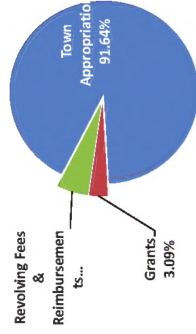
Where the Money Comes From

...and Where it Goes

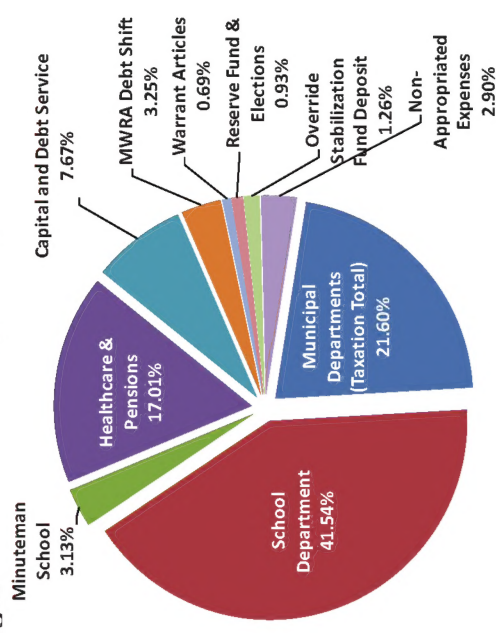
Revenues



School Budget Funding



FY2020 Budget



The School Budget is the largest department budget in the Town. In addition to Town contribution to this budget, some funding comes direct from outside revenue sources. This chart provides and overview of total funding. Details on the school budget may be found at: arlington.k12.ma.us/administration/budget.

Budget Summary & FY2021 Projection

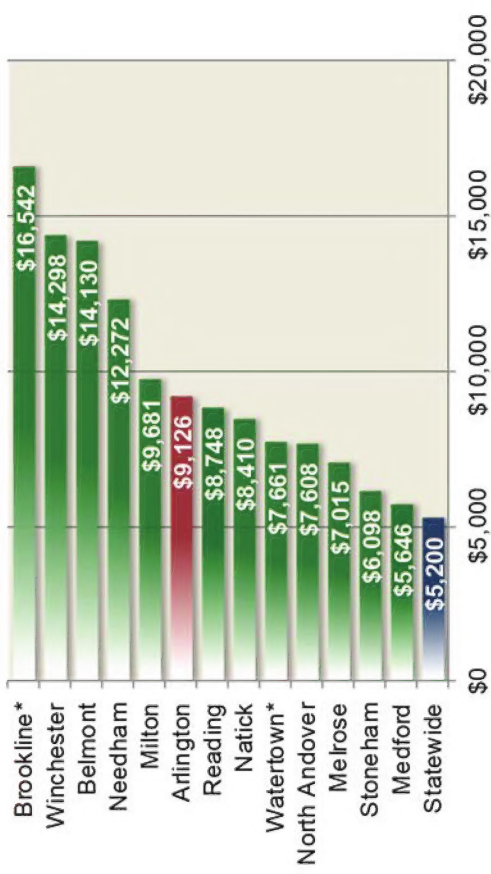
The summary provided below demonstrates the year-to-year growth between Fiscal Year 2020 and Fiscal Year 2021. This growth is consistent with the tenets of the Long Range Financial Plan. More detailed information and a glossary of terms, including the Town's long range financial plan can be found at: www.arlingtonma.gov/budget.

Overall General Fund Budget Summary				
Revenue	FY2020	FY2021	\$ Change	%
Property Tax	\$ 133,350,155	\$ 138,039,612	\$ 4,689,457	3.5%
Local Receipts	\$ 9,871,000	\$ 9,871,000	\$ -	0.0%
State Aid	\$ 22,481,187	\$ 21,043,298	\$ (1,437,889)	-6.4%
School Construction Aid	\$ 476,523	\$ 476,523	\$ -	0.0%
Free Cash	\$ 5,559,782	\$ 5,901,388	\$ 341,606	6.1%
Other Funds & Override Stabilization Fund Transfers/Offsets	\$ 200,000	\$ 2,424,197	\$ 2,224,197	1112%
TOTAL REVENUES	\$ 174,518,880	\$ 180,398,215	\$ 5,879,335	3.4%
Expenditures				
Municipal Departments Appropriations *	\$ 39,718,054	\$ 40,516,044	\$ 797,990	2.0%
Offsets and Indirect Costs	\$ (2,580,233)	\$ (2,642,197)	\$ (61,964)	2.4%
Municipal Departments (Taxation Total)	\$ 37,137,821	\$ 37,873,847	\$ 736,026	2.0%
School Department	\$ 71,427,139	\$ 75,570,531	\$ 4,143,392	5.8%
Minuteman School	\$ 5,384,690	\$ 6,113,371	\$ 728,681	13.5%
Non-Departmental (Healthcare & Pensions)	\$ 29,247,782	\$ 30,780,027	\$ 1,532,245	5.2%
Capital (Includes Debt Service)	\$ 13,196,044	\$ 16,280,134	\$ 3,084,090	23.4%
MWRA Debt Shift	\$ 5,593,112	\$ 3,691,454	\$ (1,901,658)	-34.0%
Warrant Articles	\$ 1,186,867	\$ 1,015,999	\$ (170,868)	-14.4%
Reserve Fund & Elections	\$ 1,604,584	\$ 1,556,724	\$ (47,860)	-3.0%
Override Stabilization Fund Deposit	\$ 2,174,510	\$ -	\$ (2,174,510)	100.0%
TOTAL EXPENDITURES	\$ 166,952,549	\$ 172,882,087	\$ 5,929,538	3.6%
Non-Appropriated Expenses	\$ 4,986,098	\$ 4,873,931	\$ (112,167)	-2.2%
Surplus / (Deficit)	\$ -	\$ -	\$ -	0.0%

The **Average Single Family Tax Bill** is the average home value in a community multiplied by that community's property tax rate. While individual tax bills may vary according to individual home value, the Average Tax Bill is a good indicator of what the property tax burden is on residential taxpayers.

Due to relatively high home values, Arlington residents tend to pay a higher tax bill than the state average. While this places Arlington near the middle in terms of its comparable communities, it is still significantly below neighbors Belmont and Winchester.

Average Single Family Tax Bill FY20

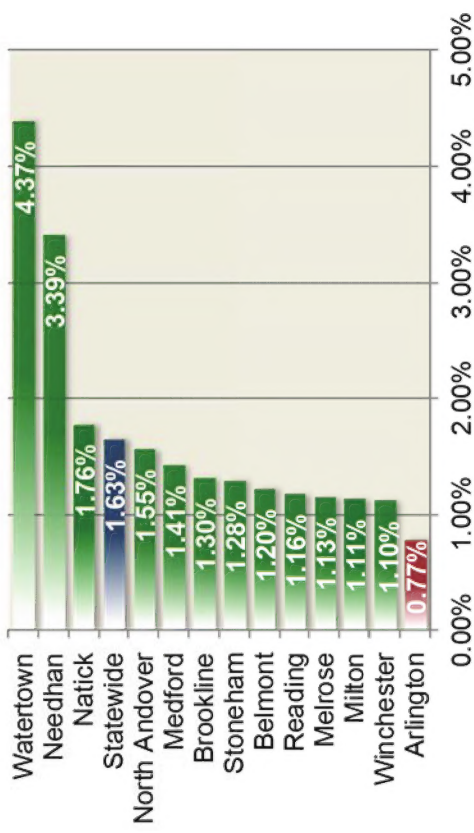


* Denotes these communities have a single family tax exemption included in the figure above.

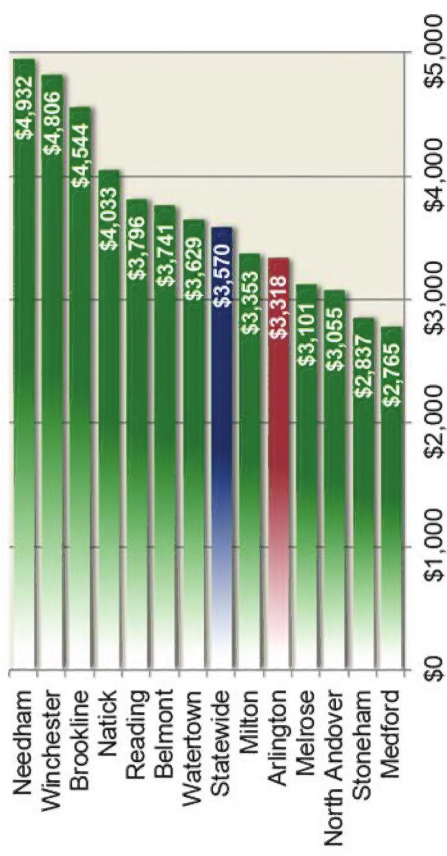
Average New Growth: Under Proposition 2^{1/2} local property taxes cannot be increased by more than 2.5% plus tax revenues from new construction added to the tax base. Consequently, for many communities, **New Growth** is an important revenue source.

Arlington's New Growth has been at the bottom of its comparable communities and falls short of the state-wide average.

Average New Growth FY19 - FY21



Total Per Capita Spending FY19



Per Capita Spending is calculated from the total expenditures divided by the population, which provides a point of comparison for how much the Town spends proportionate to its size and makes possible comparisons of spending among Towns, while accounting for population.

Arlington is in the bottom half of per capita spending relative to its comparable communities. It is also below the state average of \$3,318. The Town spending does not create a structural deficit, the lack of revenue creates the deficit.

COVID-19 Impacts

COVID Cases, Tracing, and Vaccination

As of March 15, 2021 the Town of Arlington had 1,660 COVID-19 cases and 83 deaths related to COVID-19. The Health and Human Services Department pursued all COVID-19 cases reported from the State, making phone calls to people infected by the pandemic and to their contacts, to both trace the spread of the disease and warn others of their exposure potential. Together with the health departments of Lexington and Belmont, the Arlington Health Department conducted a vigorous vaccination campaign, targeting police and fire first responders, health professionals, and Arlington's most senior and vulnerable residents, for the latter, both in their homes and in large senior housing units. Its efforts have been effective and compassionate but have been limited by the State's unwillingness to distribute sufficient vaccine doses to cities and towns. As of March 12, 2021, the Health Department has vaccinated 3,800 individuals.

COVID Spending and CARES/FEMA Reimbursement

Arlington is eligible for \$4,022,568 in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the federal government for COVID-19 costs, plus FEMA reimbursement for some COVID-19 costs. In FY2020, the Town was reimbursed for expenses including computers for Arlington students to use at home for remote learning, cleaning supplies and equipment, Personal Protective Equipment, such as masks, gowns, and sanitizer, and notices to the public about public building closures, among other costs.

The Town also received additional CDBG funds, known as CDBG-CV, through the CARES Act. Assistance enabled public service agencies to support those impacted by the COVID-19 pandemic; Food Link, Inc. and Arlington EATS helped families confronting food insecurity; and the Arlington Boys and Girls Club provided additional childcare services. CDBG-CV also supported residents and small business owners during the pandemic. A \$400,000 Emergency Tenant Assistance program helped 88 individuals. The \$200,000 Arlington Microenterprise Program supported 25 businesses with up to five employees; an additional \$250,000 was allocated to support businesses with up to 20 employees.

Revenue loss

The COVID pandemic has cut Town revenues in some areas, while others, such as Property Taxes, remain unaffected. Hotel Tax revenue is down nearly 70% and Meals Tax revenue is down about 30% this year. Motor Vehicle tax bills are running behind previous years by 8%. Altogether, Local Receipts revenue estimates are \$2 million below prior years.



Arlington COVID information is available at: [COVID-19 Information | Town of Arlington](https://www.arlingtonma.gov/covid-19)

Bonding Results

The Town conducted a very successful bond sale on February 18, 2021 of nearly \$78 million at a record low interest rate of 1.77%, the best in the Town's history. Savings from the sale of the Arlington High School debt lowered the amount to be added to the FY22 debt exclusion amount on the average single family house tax bill by approximately \$28.17 per year each year for the next 30 years.

The savings in debt sold for projects included in the 5% of the Town budget that supports the annual capital plan added a little over \$1.5 million to the plan, allowing the Capital Planning Committee to restore cuts it had made to future road and sidewalk improvements and school building repair. The Town's AAA bond rating, the highest available, and record low national interest rates helped the Town achieve these savings.

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